

**Date:** November 8, 2002  
**To:** Board of Directors  
**From:** Melissa Roy, Manager Public Policy  
**Subject:** Competition of telephone service providers

For ~~information~~/ action: November 20, 2002 Board of Directors' Meeting

**Proposed policy statement:**

*The Detroit Regional Chamber supports fair competition among telephone service providers in Michigan in local and long distance markets. The MPSC and FCC should expedite their processes to level the playing field in Michigan as soon as possible.*

**Background**

Currently, Ameritech of Michigan is blocked from competing in the long distance market until the Federal Communications Commission (FCC) and the Michigan Public Service Commission (MPSC) determine that local markets are fair and open to competition.

While going through the process of opening their markets to competitors, Ameritech has experienced some changes to their business practices, including a decrease in the volume of customers and level of profits. A recent announcement that Ameritech will be laying off 11,000 employees in Michigan is an indication of the situation at hand.

Local competitors are typically incumbent national long-distance providers. Many of these providers that have gained access to Michigan's local market now provide a combined single service of local, local toll and long distance telephone service. While combining services does not force Ameritech out of the local market, the combination of these services may offer competitors an unfair market advantage.

Those advantages may include:

- Single billing to customers. Customers may prefer paying one bill to one company per month as opposed to sourcing to two companies.
- All-inclusive telephone service packages (local, local-toll and long distance). Combined service packages may allow for competitors to offer specials that Ameritech would not be able to offer because they are pre-empted from offering all-inclusive packages.

Previously, the Detroit Regional Chamber supported “Fairplay” principles relating to unfair competition from local units of government. This proposed policy extends the notion of a “level playing field for fair competition” to private competitors as well.

The Detroit Regional Chamber supports:

- Fair competition among telephone service providers in Michigan in local and long distance markets. The MPSC and FCC should expedite their processes to level the playing field in Michigan as soon as possible.
- Monitoring the telecommunications market for fair competitive principals. While the MPSC and the FCC are monitoring the change of long distance providers into fair market players by telecommunications standards, all companies should adhere to fair competition principals.
- A balanced telecommunications market in which consumers are able to compare similar services. Services that differ in size and scope make illogical price comparisons.

If you have any questions, please do not hesitate to contact me at (313) 596-0409 or [mroy@detroitchamber.com](mailto:mroy@detroitchamber.com).